

A.G. Contract No.: KR97-2564TRN
ADOT ECS FILE No. JPA 97-111A
Project: 202L, Red Mountain Freeway
Section: McKellips Road - Country Club Drive
TRACS No. **H 3878 01D/H 3878 01C/H 3878 01R**
Section: Country Club Dr. - Gilbert Rd.
TRACS No. **H 4921 01D/H 4921 01C/H 4921 01R**
Section: Gilbert Rd. - Higley Rd.
TRACS No. **H 5299 01D/H 5299 01C/H 5299 01R**

**AMENDED AND RESTATED
INTERGOVERNMENTAL AGREEMENT
BETWEEN
THE STATE OF ARIZONA
AND
THE CITY OF MESA**

THIS AGREEMENT is entered into 13 April, 1999 pursuant to Arizona Revised Statutes Section 11-951 through 11-954, as amended, between the STATE OF ARIZONA, acting by and through its DEPARTMENT OF TRANSPORTATION (the "State") and the CITY OF MESA acting by and through its MAYOR and CITY COUNCIL (the "City"). This Agreement amends and restates the existing Intergovernmental Agreement between the State and the City dated July 2, 1998, *filed with the Secretary of State under file number 22455*, relating to acceleration of the Red Mountain Freeway, State Rout 202L. Any capitalized terms not defined elsewhere shall have the meanings described in Section I.

I. DEFINITIONS

"Accelerated Construction Schedule" means the roadway construction of Project A to begin in or around April, 2000 and be completed in or around December, 2001.

"Accelerated Design Schedule" means the roadway design of Project A to begin in February, 1999 and be completed in or around February, 2000.

"Accelerated General Plan Schedule" means the accelerated general plan of Project B to begin in or around April, 1999 and be completed in or around March, 2000.

"Accelerated Project A Schedules" means the Accelerated Design Schedule, the Accelerated Right of Way Acquisition Schedule and the Accelerated Construction Schedule.

"Accelerated Right of Way Acquisition Schedule" means the right of way acquisition of Project A to begin in or around April, 1999 and be completed in or around March, 2000.

#0/
NO. 22455
Filed with the Secretary of State
Date Filed: 04/13/99

Betty Bayless

Secretary of State

By

Vicky J. Harnewood

"City Construction Loan" means an amount which will be advanced by the City to the State to pay for a portion of the construction costs of Project A. Such amount will not exceed the lesser of (1) the actual Project A construction bid amount, plus 14% for contingency and construction engineering, plus the amount by which any change orders cause the actual construction costs to exceed the total of the bid amount and the 14% contingency and less \$24,000,000 (the amount to be provided by the State Project Loan) or (2) \$56,000,000.

"City Construction Loan Account" means the account established by the City with the Pool and containing the monies to be used to fund the City Construction Loan.

"City Design Loan" means an amount which will be advanced by the City to the State to pay for a portion of the design costs of Project A. Such amount shall not exceed \$3,600,000.

"City Design Loan Account" means the account established by the City with the Pool and containing the monies to be used to fund the City Design Loan.

"City Interest Account" means the account established by the City with the Pool and containing monies to be used to pay the City's portion of the interest accruing on the State Project Loan.

"City Loans" means the City Construction Loan, the City Design Loan, the City Right of Way Loan and the City Project B General Plan Loan.

"City Right of Way Loan" means an amount which will be advanced by the City to the State to pay for a portion of the right of way acquisition costs of Project A. Such amount shall not exceed \$5,000,000.

"City Right of Way Loan Account" means the account established by the City with the Pool and containing the monies to be used to fund the City Right of Way Loan.

"City Project B General Plan Loan" means an amount which will be advanced by the City to the State to pay for a portion of the general plan costs of Project B. Such amount shall not exceed \$1,700,000.

"City Project B General Plan Loan Account" means the account established by the City with the Pool and containing the monies to be used to fund the City Project B General Plan Loan.

"Department" means the Arizona Department of Transportation.

"Life Cycle Program" means the Maricopa Association of Government's Area Life Cycle Construction Program effective at the time or for the period indicated.

"Net MAG Funds Available" means the highway user fund monies and federal monies deposited in the State Highway Fund (including interest earnings on such funds) that are allocated in the applicable Life Cycle Program less: (1) legislatively mandated expenditures and (2) any expenditures which have a higher priority under the applicable Life Cycle Program. The applicable Life Cycle Program shall be the Life Cycle Program in effect at the time such funds are available for the repayment of the principal and interest of the City Loans.

"Net RARF Funds Available" means the total funds available in the RARF Construction Account less: (1) any legislatively mandated expenditures and (2) any expenditures which have a higher priority under the then applicable Life Cycle Program at the time funds in the RARF Construction Account Fund are available for the repayment of the principal and interest of the City Loans.

"Pool" means the State Treasurer's Local Government Investment Pool.

"Project A" means the right of way acquisition, roadway design and construction of the ultimate facility for the 202L, Red Mountain Freeway between Country Club Drive and Gilbert Road, including an interchange at Gilbert Road as defined in the general plan for Project A and a crossroad structure at McDowell Road.

"Project B" means the general plan (up to 30% roadway design, including locating the right of way and the affected utilities) of the ultimate facility for the 202L, Red Mountain Freeway between Gilbert Road and Higley Road, including interchanges at Val Vista Drive, Greenfield Road, and Higley Road, and the relocation of Thomas Road, east of Higley Road.

"Projects" means Project A and Project B.

"Project Programmed Funds" means the approved funds set forth in the Life Cycle Program for use in paying costs of the Projects.

"RARF Construction Account" means the construction account portion of the RARF Fund created pursuant to the provisions of Arizona Revised Statute, Section 28-6303.

"RARF Fund" means the Maricopa Regional Area Road Fund created pursuant to the provisions of Title 28, Chapter 21, Article 2 of the Arizona Revised Statutes, as amended, and Title 28, Chapter 17, Article 1 of the Arizona Revised Statutes, as amended.

"SIB" means the state infrastructure bank established by the State as a segregated account pursuant to Public Law 104-59, Section 350 and Arizona Revised Statutes Section 28-7674.

"SIB Loan" means an amount not to exceed \$24,000,000 advanced by the SIB through the SIB Loan to the State to pay for a portion of the construction costs of Project A "State Construction Interest Account" means the account established by the State with the Pool containing monies to be used to pay the interest accruing on the City Construction Loan.

"State Design Interest Account" means the account established by the State with the Pool containing monies to be used to pay the interest accruing on the City Design Loan.

"State Highway Fund" means the fund established pursuant to the provisions of Arizona Revised Statutes Section 28-6991, as amended.

"State Interest Accounts" means the State Construction Interest Account, the State Design Interest Account, the State Right of Way Interest Account and the State Project B General Plan Interest Account.

"State Project B General Plan Interest Account" means the account established by the State with the Pool containing monies to be used to pay the interest accruing on the City's Project B General Plan Loan

"State Project Loan" means the loan described in Section IV.1 of this Agreement.

"State Right of Way Interest Account" means the account established by the State with the Pool containing monies to be used to pay the interest accruing on the City Right of Way Loan.

"State Treasurer" means the Treasurer of the State of Arizona.

"Transportation Board" means the Transportation Board of the Arizona Department of Transportation.

THEREFORE, in consideration of the mutual agreements expressed herein, it is agreed as follows:

II. RECITALS

1. The State is empowered by Arizona Revised Statutes Sections 28-401, 28-6993, 28-6999, 28-7676 and 28-7677 to make principal and interest payments on the City Loans, and to enter into this Agreement and has by resolution, a copy of which is attached hereto as Exhibit A and made a part hereof, resolved to enter into this Agreement and has delegated to the undersigned the authority to execute this Agreement on behalf of the State.
2. The City is empowered by Arizona Revised Statutes Sections 9-500.17 and 48-572 and City Charter, Article 1, Section 103 to enter into this Agreement and has by resolution, a copy of which is attached hereto as Exhibit B and made a part hereof, resolved to enter into this Agreement and has authorized the undersigned to execute this Agreement on behalf of the City.
3. The State has programmed in the FY 99-2006 Life Cycle Program the right of way acquisition of Project A beginning in August, 1999 and ending in July, 2001; the roadway design of Project A beginning in April, 2000 and ending in September, 2001; and the construction of Project A beginning in January, 2002 and open to traffic in December, 2003.
4. The City desires that the roadway design, right of way acquisition and construction of Project A be completed in accordance with the Accelerated Project A Schedules.
5. The State has programmed in the FY 99-2006 Life Cycle Program the right of way acquisition of Project B beginning in April, 2001 and ending in March, 2003; the roadway design of Project B beginning in April, 2001 and ending in March, 2003; and the construction of Project B beginning in June, 2003 and open to traffic in May, 2005.
6. The City desires that the general plan for Project B be completed in accordance with the Accelerated General Plan Schedule.
7. The State established the SIB to, among other things, advance funds and provide financial assistance to the State and/or other political subdivisions, to accelerate State highway construction.
8. The State and the City agree that the State's obligation to fund the State Project Loan and to pay principal and interest on the City Construction Loan, the City Design Loan and the City Right of Way Loan are both dependent upon the Federal Highway Administration's determining that Project A is a "Federal-aid Highway" within the meaning in Section 350(d) of P.L. 104-59. The State agrees to diligently work to obtain "Federal-aid Highway" status for Project A.
9. The State and the City agree that the State's obligation to pay principal and interest on the City Project B General Plan Loan is dependent upon the Federal Highway Administration's determining that Project B is a "Federal-aid Highway" within the meaning in Section 350(d) of P.L. 104-59. The State agrees to diligently work to obtain "Federal-aid Highway" status for Project B.
10. In order to accelerate and complete design of Project A in accordance with the Accelerated Design Schedule, the City has agreed to provide, or cause to be provided, from sources lawfully available all necessary funds to pay for up to \$3,600,000.00 of the design costs of Project A from monies provided by the City through the City Design Loan. The proceeds of the City Design Loan shall be deposited in the City Design Loan Account. Unless paid from other lawfully available funds, the State will repay the principal amount of and interest on the City Design Loan from Net RARF Funds Available or from Net MAG Funds Available which Net MAG Funds Available are lawfully available for such purpose. Interest on the City Design Loan may also be paid by the State from lawfully available monies in the State Highway Fund and RARF Construction Account deposited into the State Design Interest

Account pursuant to this Agreement. Any interest earned on the City Design Loan Account will be owned by the City and paid to the City upon disbursement by the State Treasurer's office.

11. In order to accelerate and complete right of way acquisition of Project A in accordance with the Accelerated Right of Way Acquisition Schedule, the City has agreed to provide, or cause to be provided, from sources lawfully available all necessary funds to pay for up to \$5,000,000.00 of the right of way acquisition costs of Project A from monies provided by the City through the City Right of Way Acquisition Loan. The proceeds of the City Right of Way Loan shall be deposited in the City Right of Way Loan Account. Unless paid from other lawfully available funds, the State will repay the principal amount of and interest on the City Right of Way Loan from Net RARF Funds Available or from Net MAG Funds Available which Net MAG Funds Available are lawfully available for such purpose. Interest on the City Right of Way Loan may also be paid by the State from lawfully available monies in the State Highway Fund and RARF Construction Account deposited into the State Right of Way Interest Account pursuant to this Agreement. Any interest earned on the City Right of Way Loan Account will be owned by the City.

12. In order to accelerate and complete construction of Project A in accordance with the Accelerated Construction Schedule, the City has agreed to provide, or cause to be provided, all necessary funds, up to the maximum amount of the City Construction Loan, to pay for the construction costs of Project A from any lawfully available source, including but not limited to (i) monies provided by the City through the City Construction Loan or (ii) monies requested by the City and advanced by the State, in its discretion, from the SIB through an additional SIB loan (the interest rate and repayment terms of such an additional SIB loan shall be as set forth in Section IV.5.e hereof). The proceeds of the City Construction Loan shall be deposited in the City Construction Loan Account. Draw downs by the State of the City Construction Loan will be based upon actual construction expenditures. The State Project Loan shall be exhausted prior to any draw downs under the City Construction Loan. Unless paid from other lawfully available funds, the State will repay the principal amount of and interest on the City Construction Loan from Net RARF Funds Available or from Net MAG Funds Available which Net MAG Funds Available are lawfully available for such purpose. Interest on the City Construction Loan may also be paid by the State from lawfully available monies in the State Highway Fund and RARF Construction Account deposited into the State Interest Account pursuant to this Agreement. Any interest earned on the City Construction Loan Account will be owned by the City.

13. In order to accelerate and complete the construction of Project A in accordance with the Accelerated Construction Schedule, the City has requested the State, through the SIB or through other lawfully available sources, to advance, to the extent provided herein, \$24,000,000 of the construction costs of Project A. In addition to utilizing the Project Programmed Funds to pay for construction costs of Project A, the State will be advanced the State Project Loan, which may include the SIB Loan, for use in paying such costs. The State will fund the SIB Loan solely from funds in the SIB account. Any interest earned on the proceeds of the SIB Loan shall be owned by the State. The State will repay the principal amount of any SIB Loan from Project Programmed Funds which are available for such purpose. The State will pay, its portion of the interest on the outstanding balance of the SIB Loan from lawfully available monies in State Highway Fund and the RARF Construction Account. The City will pay its portion of the interest accruing on the outstanding balances on the State Project Loan from the City Interest Account. Draw downs by the State of the State Project Loan will be based upon the actual construction expenditures. The State Project Loan shall be exhausted prior to any draw downs under the City Construction Loan. The interest paid by the City on the State Project Loan shall be paid solely from the City Interest Account pursuant to this Agreement. The interest earned from the City Interest Account will be owned by the City and paid to the City upon disbursement by the State Treasurer's office. The above terms and conditions are in accordance with the agreement between the Transportation Board and the Department, signed and dated as of March 20, 1998, as amended as of March 1, 1999.

14. In order to accelerate and complete general plan of Project B in accordance with the Accelerated General Plan Schedule, the City has agreed to provide, or cause to be provided, from

sources lawfully available all necessary funds to pay for up to \$1,700,000.00 of the general plan costs of Project B from monies provided by the City through the City Project B General Plan Loan. The proceeds of the City Project B General Plan Loan shall be deposited in the City Project B General Plan Loan Account. Unless paid from other lawfully available funds, the State will repay the principal amount of and interest on the City Project B General Plan Loan from Net RARF Funds Available or from Net MAG Funds Available which Net MAG Funds Available are lawfully available for such purpose. Interest on the City Project B General Plan Loan may also be paid by the State from lawfully available monies in the State Highway Fund and RARF Construction Account deposited into the State Project B General Plan Interest Account pursuant to this Agreement. Any interest earned on the City Project B General Plan Loan Account will be owned by the City and paid to the City upon disbursement by the State Treasurer's office.

15. The City finds and determines that this Agreement will accelerate the completion of the Projects, which is of vital importance to the general welfare of the City. Further, the completed Projects will improve access to the regional freeway system which is anticipated to reduce traffic congestion on arterial streets and assist in improving air quality and thereby improve and enhance the welfare of the inhabitants of the City.

16. The State and the City recognize that this agreement provides for the use of innovative financing techniques, such as the SIB and the City Loans, to provide for needed transportation infrastructure and that this document may be used as a blueprint for future projects. Therefore, the State and the City declare their intent to work together to develop a similar agreement to accelerate the next section of the Red Mountain Freeway from Gilbert Road to Higley Road. Such acceleration will be contingent upon approval by the Transportation Board of grant anticipation notes to finance a portion of the project, as well as local financing to fund the remainder of the project (Project B).

III. SCOPE OF WORK

1. The State will:

a. Begin design of and right of way acquisition for Project A prior to obtaining "Federal-aid Highway" status for the Red Mountain Freeway, from Country Club Drive to U.S. 60. It is understood by all parties that this advancement of the design and right of way acquisition is required to accomplish the Accelerated Project A Schedules.

b. Begin the general plan of Project B prior to obtaining "Federal-aid Highway" status for the Red Mountain Freeway, from Country Club Drive to U.S. 60. It is understood by all parties that this advancement of the general plan is required to accomplish the Accelerated General Plan Schedule.

c. Use its best efforts to provide to State standards, the design plans, specifications and such other documents and services necessary for bidding of the construction phase of Project A, by January 2000. Enhancements to the design and any additional or extra design features requested by the City will be added (with the State's approval), provided the City pays the additional design, right of way and construction costs. The State will coordinate the design of the street crossing at Gilbert Road with the City and Maricopa County.

d. Use its best efforts to complete the general plan for Project B in accordance with the Accelerated General Plan Schedule (see definitions).

- e. Use its best efforts to acquire all rights of way and easements necessary for construction of Project A by March 2000. If the State decides to dispose of excess right of way in accordance with State statutes, policies, procedures and guidelines when applicable, the State will communicate with the City regarding the use of and/or disposal of excess right of way with the City in order to provide the City with an opportunity to purchase such excess right of way.
- f. Provide a utility easement at no cost to the City in the roadway right of way, where there is adequate space between McKellips Road and Gilbert Road, for a City reclaimed water line. An intended purpose of this reclaimed water line is to provide irrigation to the State's roadway landscaping. The State will not purchase additional right of way for such water line easement.
- g. Provide temporary construction easements and permits as necessary to allow the City to construct and maintain the reclaimed water line in the State's right of way, at no cost to the City.
- h. Provide a final construction cost estimate to the City for Project A prior to advertisements for bids.
- i. Use its best efforts to open bids for the construction of Project A no later than the first quarter of 2000 and recommend to the Transportation Board that it award one or more construction contracts for Project A. The contracts shall require that Project A be opened to traffic within twenty-one (21) months of contract award, except for unforeseen circumstances that would cause the completion to be delayed due to no fault of either party. Administer the construction of Project A and make all payments to the contractor(s). Be responsible for any contractor claims for extra compensation attributable to the State.
- j. Prior to State approving any single construction change order in excess of \$200,000.00, notify the City of the additional costs and the reason for the change order(s).
- k. Cooperate with the City in connection with the administration of the State Project Loan, provided, however, nothing contained herein shall obligate the State to become indebted or make any payments except as contemplated by this Agreement.
- l. Provide the City, on a monthly basis, a recapitulation of charges withdrawn from the City Construction Loan Account, the City Design Loan Account, the City Right of Way Loan Account and the City Project B General Plan Loan Account.
- m. Utilize the Project Programmed Funds for the payment of costs of the design, right of way acquisition and construction of the Projects in accordance with the Life Cycle Program in effect as of March 1999 as illustrated in Exhibits C, D, E, F and G attached hereto. If the available funds from the applicable Life Cycle Program are higher or lower than expected, then the repayment of the City Loans will be subject to acceleration or delay in the same manner, provided final repayment of the State Project Loan will be not later than December 31, 2002.
- n. Resume the roadway design, right of way acquisition and construction of the Projects as provided under the Life Cycle Program in effect as of the date of termination of this Agreement by the City should the City decide not to proceed under this Agreement as provided in Sections III.2.d., III.2.e., III.2.f., III.2.g., III.2.j. and V.1.
- o. Provide financing through the SIB Loan and Project Programmed Funds to pay up to \$24,000,000 of costs, expenses, fees and charges for the construction of Project A.
- p. For the repayment of the City Loans, unless paid by the State, in its discretion, from other funds that are lawfully available therefore, deduct from Net RARF Funds Available, or pay from allocated

Net MAG Funds Available which are lawfully available for such purpose, the total principal and interest payment amounts provided in Exhibits D, E, F and G during the applicable Fiscal Years. Such allocation of Net MAG Funds Available lawfully available for such purpose shall be made prior to any other allocation from such Net MAG Funds Available. Such deduction of Net RARF Funds Available shall be made prior to the State's recommending to the Transportation Board the budget for any other expenditures from the Net RARF Funds Available. If the available funds from the applicable Life Cycle Program are higher or lower than expected and as shown on Exhibits D, E, F and G, then the repayment of the City Loans will be subject to acceleration or delay in the same manner.

q. So long as the State Project Loan and any of the City Loans remain outstanding, the State shall not recommend to the Transportation Board any alteration, modification or change to priorities in the Life Cycle Program pertaining to the Projects, or change the payment priorities thereunder pertaining to the Projects.

r. On the later of July 1, 1999 or the City's funding of the City Design Loan Account, fund the State Design Interest Account from lawfully available monies in the State Highway Fund and RARF Construction Account, with a deposit equal to the estimated interest charge on the City Design Loan illustrated in Exhibit D, with the actual amount of funding to be adjusted for the actual amount of the City Design Loan with any additional deposits to be made on an as needed basis.

s. On the later of July 1, 1999 or the City's funding of the City Right of Way Loan Account, fund the State Right of Way Interest Account from lawfully available monies in the State Highway Fund and RARF Construction Account, with a deposit equal to the estimated interest charge on the City Right of Way Loan illustrated in Exhibit E, with the actual amount of funding to be adjusted for the actual amount of the City Right of Way Loan, with any additional deposits to be made on an as needed basis.

t. Simultaneously with the City's initial funding of the City Construction Loan Account, fund the State Construction Interest Account from lawfully available monies in the State Highway Fund and RARF Construction Account, with a deposit equal to the estimated interest charge on the City Construction Loan illustrated in Exhibit F, with the actual amount of funding to be adjusted for the actual amount of the City Construction Loan and the construction discount factor then in effect at the time of the award of the construction contract for the Life Cycle Program with any additional deposits to be made on an as needed basis.

u. On the later of July 1, 1999 or the City's funding of the City Project B General Plan Loan Account, fund the State Project B General Plan Interest Account from lawfully available monies in the State Highway Fund and RARF Construction Account, with a deposit equal to the estimated interest charge on the City Project B General Plan Loan illustrated in Exhibit G, with the actual amount of funding to be adjusted for the actual amount of the City Project B General Plan Loan, with any additional deposits to be made on an as needed basis.

2. The City will:

a. Reimburse the State for design changes required due to the early design startup. These design changes, if necessary, would be the result of the Federal-aid Highway status for the Red Mountain Freeway being obtained after design has begun.

b. Be responsible for design and construction enhancements and any additional or extra design features requested by the City and approved by the State, and any related right of way costs resulting from the requested enhancements.

c. Be responsible for the design and construction of the reclaimed water line system in the State's right of way. The system shall provide the quantity of water and pressure required for the State's

landscape irrigation system at no cost to the state pursuant to a future intergovernmental agreement between the State and the City on landscape maintenance. The water shall be of a quality that is compatible with maintaining the long-term health and durability of the State's plantings and irrigation components.

d. Have the right to terminate the design portion of this Agreement for any reason prior to any loan of money from the City to the State for design costs. If the City terminates the design portion of this Agreement, the State's obligation with respect to the Accelerated Design Schedule shall cease and shall revert to the State's previous schedule.

e. Have the right to terminate the right of way acquisition portion of this Agreement for any reason prior to any loan of money from the City to the State for right of way acquisition costs. If the City terminates the right of way acquisition portion of this Agreement, the State's obligation with respect to the Accelerated Right-of-Way Acquisition Schedule shall cease and shall revert to the State's previous schedule.

f. Have the right to terminate the construction portion of this Agreement for any reason prior to advertisement of bids for the construction contracts. If the City terminates the construction portion of this Agreement, the State's obligation with respect to the Accelerated Construction Schedule shall cease and shall revert to the State's previous schedule.

g. Have the right, prior to the award of the construction contract, to terminate this Agreement with respect to the construction portion of Project A and the City Construction Loan if the final bid for the construction contract(s) plus 14% (for contingency and construction engineering) is more than 20% higher than the then applicable Life Cycle Program amount for the construction of Project A. If the City terminates the construction portion of this Agreement, the State's obligation with respect to the Accelerated Construction Schedule shall cease and shall revert to the State's previous schedule.

h. Be responsible for any contractor claims for extra compensation attributable to the City.

i. Cooperate with the State in connection with the administration of the State Project Loan, provided, however, nothing contained herein shall obligate the City to become indebted or make any payments except as contemplated by this Agreement.

j. Have the right to terminate the Project B general plan portion of this Agreement for any reason prior to any loan of money from the City to the State for Project B general plan costs. If the City terminates the Project B general plan portion of this Agreement, the State's obligation with respect to the Accelerated General Plan Schedule shall cease and shall revert to the State's previous schedule.

k. Within ten (10) days of receipt of written notice from the Department, establish (1) the City Design Loan Account with a deposit equal to the amount of the City Design Loan and (2) the City Right of Way Loan Account with a deposit equal to the amount of the City Right of Way Loan. Authorize the State Treasurer to accept requests from the State to disburse funds from the principal balance of (1) the City Design Loan Account to a designated representative of the State on an as-needed basis for the costs of design of Project A and (2) the City Right of Way Loan Account to a designated representative of the State on an as-needed basis for the costs of right of way acquisition of Project A. The State shall be the sole signature on said City Design Loan Account and the City Right of Way Loan Account.

l. Within ten (10) days of receipt of written notice from the Department, establish the City Project B General Plan Loan Account with a deposit equal to the amount of the City Project B General Plan Loan. Authorize the State Treasurer to accept requests from the State to disburse funds from the principal balance of the City Project B General Plan Loan Account to a designated representative of the

State on an as-needed basis for the costs of the general plan of Project B. The State shall be the sole signature on the City Project B General Plan Loan Account.

m. Within ten (10) days of receipt of written notice from the Department that the unexpended balance of the State Project Loan is \$10,000,000 or less, establish the City Construction Loan Account with a deposit of \$10,000,000 from lawfully available funds. Thereafter, subject to the maximum limitation of the City Construction Loan, the City shall deposit in the City Construction Loan Account on the 15th day of each calendar month such amount as the State shall certify, no later than the 10th day of such calendar month, as being needed to restore the balance of the City Construction Loan Account to \$10,000,000. Authorize the State Treasurer to accept requests from the State to disburse funds from the principal balance of the City Construction Loan Account to a designated representative of the State on an as-needed basis for the costs of construction of Project A. The State shall be the sole signature on said City Construction Loan Account.

n. Prior to the State's commencement of construction activities for Project A, establish the City Interest Account with a deposit equal to the City's portion of the estimated interest charge on the State Project Loan illustrated in Exhibit C, with the actual amount of funding to be adjusted for the actual amount of the State Project Loan and the construction discount factor then in effect at the time of the award of the construction contract for the Life Cycle Program with any additional deposits to be made on an as needed basis.

IV. PROJECT FINANCING

1. STATE PROJECT LOAN

a. With the execution of this Agreement, the State hereby agrees to fund the State Project Loan in the amount of \$24,000,000. The proceeds of the State Project Loan shall be used to pay construction costs associated with Project A. The State Project Loan may be funded by the State, in its discretion, with the proceeds of the SIB Loan or from other sources of funds lawfully available, to the State. The SIB Loan will be funded from the SIB account of the State Highway Fund. The State agrees that the proceeds of the State Project Loan will be used by the State solely to pay the costs for construction of Project A on a schedule as near as possible to the Accelerated Construction Schedule. The State shall be solely responsible for the payment of the principal amount of the State Project Loan from Project Programmed Funds.

b. The outstanding principal amount of the State Project Loan shall bear interest at a rate equal to seventy percent (70%) of the yield on outstanding U.S. Treasury Bills, as published in the *Wall Street Journal* on the date of the first draw under the State Project Loan, with a term remaining to maturity equal to the time period between the first draw under the State Project Loan and the first scheduled repayment of such draw under the then current Life Cycle Program in effect at the time of such first draw. The State agrees to pay the portion of the interest on the State Project Loan which is equal to one-half of the construction discount factor set by the State at the time of the award of the construction contract for the Life Cycle Program. The City agrees to pay the balance of the interest. Interest shall be computed on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each. All interest on the State Project Loan payable by the City shall be paid by the City solely from the City Interest Account and from no other source, on the 15th day of each month for the interest accruing on the principal amount of the State Project Loan expended through the 15th day of the immediately preceding month. All interest on the State Project Loan payable by the State shall be paid by the State solely from monies in the State Highway Fund and RARF Construction Account lawfully available for that purpose. The State Project Loan shall be drawn down by the State only on an "as-needed" basis to pay the actual incurred Project construction costs prior to any expenditure of amounts in the City Construction Loan Account. Interest on the State Project Loan shall cease to accrue on the date the Project Programmed Funds have paid the outstanding principal balance of the State Project Loan.

c. The State will make its best effort to reduce the cost of interest expense to the City on the State Project Loan, if additional funds are available, and/or by acceleration of federal fund reimbursements.

2. OWNERSHIP OF INVESTMENT INCOME ON CITY INTEREST ACCOUNT

All interest on, or investment income on, the City Interest Account shall be owned by the City. Any monies remaining in said account after payment of all principal and interest owed on the State Project Loan by the City shall be owned by and returned to the City. The State will be the sole signature on said account held by the State Treasurer.

3. CITY DESIGN LOAN

a. Subject to the \$3,600,000.00 limit of the City Design Loan, the City hereby agrees to provide, or cause to be provided, from sources lawfully available all necessary funds to pay for the design costs of Project A from monies provided by the City through the City Design Loan; provided that the City agrees to pay, from lawfully available sources other than the City Design Loan, for any additional amounts payable as a result of the City's obligations with respect to enhancements. The State agrees that the proceeds of the City Design Loan or other funds provided by the City will be used by the State solely to pay the cost of the design of Project A on a schedule as near as possible to the Accelerated Design Schedule.

b. Unless paid by the State, in its discretion, from other lawfully available funds, the State agrees to repay the City the principal amount of and interest on the City Design Loan from Net RARF Funds Available and Net MAG Funds Available as provided in Section III.1.p above. The outstanding principal amount of the City Design Loan shall bear interest at an interest rate equal to 1.82%. Interest on the City Design Loan will be paid by the State from the State Design Interest Account beginning on July 15, 1999. The July 15, 1999 interest payment shall include any interest accrued on the principal amount of the City Design Loan drawn down from the initial date of the funding of the City Design Loan Account through June 15, 1999. Thereafter, interest on the City Design Loan shall be paid to the City on the 15th day of each month for the interest accrued on the principal amount of the City Design Loan drawn down through the 15th day of the immediately preceding month. Interest shall be computed on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each. The proceeds of the City Design Loan may be drawn down by the State to pay the actual incurred design costs of Project A. Interest on the City Design Loan shall cease to accrue on the date the outstanding balance of the City Design Loan is repaid by the State.

c. The State will make its best efforts to reduce the principal amount of the City Design Loan disbursed to the State, if additional funds become available to pay costs of design, and/or by acceleration of federal fund reimbursements.

d. All interest earnings and investment income on the City Design Loan Account shall be owned by the City. Any monies remaining in said City Design Loan Account after the payment of all costs of designing Project A shall be owned by and paid to the City. The State will be the sole signature on the City Design Loan Account.

4. CITY RIGHT OF WAY LOAN

a. Subject to the \$5,000,000.00 limit of the City Right of Way Loan, the City hereby agrees to provide, or cause to be provided, from sources lawfully available all necessary funds to pay for the right of way acquisition costs of Project A from monies provided by the City through the City Right of Way Loan; provided that the City agrees to pay, from lawfully available sources other than the City Right of Way Loan, for any additional amounts payable as a result of the City's obligations with respect to

enhancements. The State agrees that the proceeds of the City Right of Way Loan or other funds provided by the City will be used by the State solely to pay the cost of the right of way acquisition of Project A on a schedule as near as possible to the Accelerated Right of Way Acquisition Schedule.

b. Unless paid by the State, in its discretion, from other lawfully available funds, the State agrees to repay the City the principal amount of and interest on the City Right of Way Loan from Net RARF Funds Available and Net MAG Funds Available as provided in Section III.1.p above. The outstanding principal amount of the City Right of Way Loan shall bear interest at an interest rate equal to 4.09%. Interest on the City Right of Way Loan will be paid by the State from the State Right of Way Interest Account beginning on July 15, 1999. The July 15, 1999 interest payment shall include any interest accrued on the principal amount of the City Right of Way Loan drawn down from the initial date of funding of the City Right of Way Loan Account through June 15, 1999. Thereafter, interest on the City Right of Way Loan shall be paid to the City on the 15th day of each month for the interest accrued on the principal amount of the City Right of Way Loan drawn down through the 15th day of the immediately preceding month. Interest shall be computed on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each. The proceeds of the City Right of Way Loan may be drawn down by the State to pay the actual incurred right of way acquisition costs of Project A. Interest on the City Right of Way Loan shall cease to accrue on the date the outstanding balance of the City Right of Way Loan is repaid by the State.

c. The State will make its best efforts to reduce the principal amount of the City Right of Way Loan disbursed to the State, if additional funds become available to pay costs of right of way acquisition, and/or by acceleration of federal fund reimbursements.

d. All interest earnings and investment income on the City Right of Way Loan Account shall be owned by the City. Any monies remaining in said City Right of Way Loan Account after the payment of all costs of right of way acquisition for Project A shall be owned by and paid to the City. The State will be the sole signature on the City Right of Way Loan Account.

5. CITY CONSTRUCTION LOAN

a. Subject to the \$56,000,000 limit of the City Construction Loan, the City hereby agrees to provide, or cause to be provided, from lawfully available funds all necessary funds in excess of \$24,000,000 to pay for the construction costs of Project A from any lawfully available source, including but not limited to (i) monies provided by the City through the City Construction Loan or (ii) monies requested by the City or the State and advanced, in the discretion of the State, by the SIB through an additional SIB loan; provided that the City agrees to pay, from lawfully available sources other than the City Construction Loan, for any additional amounts payable as a result of the City's obligations with respect to enhancements. The State agrees that the proceeds of the City Construction Loan or other funds provided by the City will be used by the State solely to pay the cost of the construction of Project A on a schedule as near as possible to the Accelerated Construction Schedule.

b. Unless paid by the State, in its discretion, from other lawfully available funds, the State agrees to repay the City the principal amount of and interest on the City Construction Loan from Net RARF Funds Available and Net MAG Funds Available as provided in Section III.1.p above. The outstanding principal amount of the City Construction Loan shall bear interest at an interest rate equal to one-half ($\frac{1}{2}$) of the construction discount factor set by the State at the time of the award of the construction contract for the Life Cycle Program. Interest on the City Construction Loan will be paid by the State from the State Construction Interest Account. Interest on the City Construction Loan shall be paid to the City on the 15th day of each month for the interest accrued on the principal amount of the City Construction Loan drawn down through the 15th day of the immediately preceding month. Interest shall be computed on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each. The proceeds of the City Construction Loan may be drawn down by the State to pay the

pay the actual incurred general plan costs of Project B. Interest on the City Project B General Plan Loan shall cease to accrue on the date the outstanding balance of the City Project B General Plan Loan is repaid by the State.

c. The State will make its best efforts to reduce the principal amount of the City Project B General Plan Loan disbursed to the State, if additional funds become available to pay costs of the general plan, and/or by acceleration of federal fund reimbursements.

d. All interest earnings and investment income on the City Project B General Plan Loan Account shall be owned by the City. Any monies remaining in said City Project B General Plan Loan Account after the payment of all costs of the general plan for Project B shall be owned by and paid to the City. The State will be the sole signature on the City Project B General Plan Loan Account.

7. OWNERSHIP OF INVESTMENT INCOME ON STATE INTEREST ACCOUNTS

All interest on, or investment income on, the State Interest Accounts shall be owned by the State. All monies remaining in said accounts after payment of the all principal and interest on the City Loans by the State shall be owned by and returned to the State. The State will be the sole signature on said account held by the State Treasurer.

V. MISCELLANEOUS PROVISIONS

1. This Agreement shall remain in force and effect until completion of the design, right of way acquisition and construction of Project A, the repayment by the State of the principal amount of the State Project Loan from the Project Programmed Funds, payment by the City and the State of interest on the State Project Loan, repayment by the State of the principal and interest of the City Loans, provided, however, that this Agreement except the provisions of Section V.2. below, which shall remain in effect until such time as reimbursement by the City has been completed for all monies actually paid by the State pursuant to such section, may, in addition to the other termination provisions contained herein, be terminated at any time prior to the commencement of performance of this Agreement, upon thirty (30) days written notice to the other party.

2. In the event this Agreement is terminated by the City and the State has incurred unrecoverable costs in connection with the design or right of way acquisition process for Project A, the bidding process for the construction contracts for Project A or the general plan process for Project B, the City shall pay the amount of such unrecoverable costs to the State.

3. This Agreement shall become effective upon filing with the Secretary of State.

4. This Agreement may be canceled in accordance with Arizona Revised Statutes Section 38-511.

5. The provisions of Arizona Revised Statutes Section 35-214 are applicable to this contract. The City shall have like rights regarding State and contractor records pertaining to this Agreement and the Projects.

6. In the event of any controversy which may arise out of this Agreement, the parties shall agree to abide by required arbitration as is set forth for public works contracts in Arizona Revised Statutes Section 12-1518.

7. All notices or demands upon any party to this Agreement shall be in writing and shall be delivered in person or sent by mail addressed as follows:

Arizona Department of Transportation
Joint Project Administration
205 S. 17th Avenue, Mail Drop 616E
Phoenix, AZ 85007

City of Mesa
City Manager
P.O. Box 1466
Mesa, AZ 85211

8. Attached hereto and incorporated herein is the written determination of each party's legal counsel pursuant to Arizona Revised Statutes Section 11-952.D as Exhibits H and I that the parties are authorized under the laws of the State of Arizona to enter into this Agreement and that the Agreement is in proper form.


9. This Agreement may only be amended with the written consent of the parties hereto.

10. In the event that any clause, provision, subsection, Section or Article of this Agreement shall for any reason be determined to be invalid, illegal, or unenforceable in any respect, the parties hereto shall negotiate such amendments, modification or supplements of or to this Agreement or take such other appropriate actions as shall, to the maximum extent practicable in light of such determination, implement and give effect to the intentions of the parties as reflected herein and the other provisions of this Agreement shall, as so amended, modified or supplemented, or as otherwise affected by such action, remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

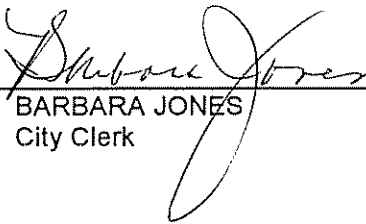
CITY OF MESA

STATE OF ARIZONA
Department of Transportation

By 
CHARLES K. LUSTER
City Manager

By 
VICTOR M. MENDEZ, P.E.
Deputy State Engineer

ATTEST:

By 
BARBARA JONES
City Clerk



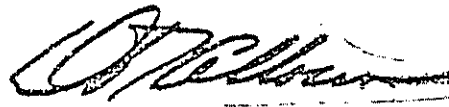
EXHIBITS:

- "A" — Resolution of the Director of the Arizona Department of Transportation authorizing the execution of the agreement.
- "B" — Resolution of the Mayor and Council of the City of Mesa, Arizona authorizing the execution of the agreement.
- "C" — Schedule for Repayment of State Project Loan.
- "D" — Schedule for Repayment of City Design Loan.
- "E" — Schedule for Repayment of City Right of Way Loan.
- "F" — Schedule for Repayment of City Construction Loan.
- "G" — Schedule for Repayment of City Project B General Plan Loan.
- "H" — Opinion of Snell & Wilmer, L.L.P.
- "I" — Attorney General Determination

RESOLUTION

BE IT RESOLVED on this 25th day of January, 1999, that I, the undersigned MARY E. PETERS, as Director of the Arizona Department of Transportation, have determined that it is in the best interests of the State of Arizona that the Department of Transportation, acting by and through the Intermodal Transportation Division, to enter into an agreement with the City of Mesa for the purpose of defining responsibilities for the acceleration of the design, right of way acquisition and construction of the Red Mountain Freeway (202L), Section Country Club Drive - Gilbert Road, in accordance with the Accelerated Project A Schedules and the acceleration of the general plan of the Red Mountain Freeway (202L), Section Gilbert Road - Higley Road, in accordance with the Accelerated General Plan Schedule.

Therefore, authorization is hereby granted to draft said agreement which, upon completion, shall be submitted to the Deputy State Engineer for approval and execution.



DAVID ALLOCCO, acting Manager
Engineering Technical Group

for MARY E. PETERS, Director

EXHIBIT B

CITY OF
MESA

Great People, Quality Service!
OFFICE OF CITY CLERK

*Certificate
of
CITY CLERK*

I, BARBARA JONES, THE DULY APPOINTED, QUALIFIED AND ACTING CITY CLERK OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, DO HEREBY CERTIFY THAT THE ATTACHED COPY OF RESOLUTION NO. _____ ENTITLED:

RESOLUTION NO. _____

RESOLUTION APPROVING THE EXECUTION AND DELIVERY BY THE CITY OF MESA, ARIZONA OF AN AMENDED AND RESTATED INTERGOVERNMENTAL AGREEMENT WITH THE STATE OF ARIZONA RELATING TO THE ACCELERATION OF THE ROADWAY DESIGN, RIGHT OF WAY ACQUISITION AND ROADWAY CONSTRUCTION OF STATE ROUTE 202L, RED MOUNTAIN FREEWAY BETWEEN COUNTRY CLUB DRIVE AND GILBERT ROAD, THE ACCELERATION OF THE GENERAL PLAN OF STATE ROUTE 202L, RED MOUNTAIN FREEWAY BETWEEN GILBERT ROAD AND HIGLEY ROAD, THE OBTAINING OF A UTILITY EASEMENT BETWEEN MCKELLIPS ROAD AND GILBERT ROAD, AND THE ADVANCING OF FUNDS BY THE CITY TO THE STATE TO ACCOMPLISH SUCH PURPOSES; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND DECLARING AN EMERGENCY.

IS A TRUE, CORRECT AND COMPARED COPY OF THE ORIGINAL OF RECORD, AND ON FILE IN THE OFFICE OF THE CITY CLERK OF THE CITY OF MESA, ARIZONA.

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND SEAL OF THE CITY OF MESA, MARICOPA COUNTY, STATE OF ARIZONA, THIS ____ DAY MARCH, 1999.

BARBARA JONES
CITY CLERK



Certificate of CITY CLERK

I, BARBARA JONES, THE DULY APPOINTED, QUALIFIED AND ACTING CITY CLERK OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, DO HEREBY CERTIFY THAT THE ATTACHED COPY OF RESOLUTION NO. 7339 ENTITLED:

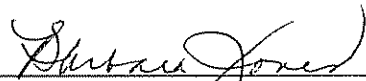
RESOLUTION NO. 7339

RESOLUTION APPROVING THE EXECUTION AND DELIVERY BY THE CITY OF MESA, ARIZONA OF AN AMENDED AND RESTATED INTERGOVERNMENTAL AGREEMENT WITH THE STATE OF ARIZONA RELATING TO THE ACCELERATION OF THE ROADWAY DESIGN, RIGHT OF WAY ACQUISITION AND ROADWAY CONSTRUCTION OF STATE ROUTE 202L, RED MOUNTAIN FREEWAY BETWEEN COUNTRY CLUB DRIVE AND GILBERT ROAD, THE ACCELERATION OF THE GENERAL PLAN OF STATE ROUTE 202L, RED MOUNTAIN FREEWAY BETWEEN GILBERT ROAD AND HIGLEY ROAD, THE OBTAINING OF A UTILITY EASEMENT BETWEEN MCKELLIPS ROAD AND GILBERT ROAD, AND THE ADVANCING OF FUNDS BY THE CITY TO THE STATE TO ACCOMPLISH SUCH PURPOSES; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND DECLARING AN EMERGENCY.

IS A TRUE, CORRECT AND COMPARED COPY OF THE ORIGINAL OF RECORD, AND ON FILE IN THE OFFICE OF THE CITY CLERK OF THE CITY OF MESA, ARIZONA.

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND SEAL OF THE CITY OF MESA, MARICOPA COUNTY, STATE OF ARIZONA, THIS 17TH DAY OF MARCH, 1999.




BARBARA JONES
CITY CLERK

Resolution No. 7339

RESOLUTION APPROVING THE EXECUTION AND DELIVERY BY THE CITY OF MESA, ARIZONA OF AN AMENDED AND RESTATED INTERGOVERNMENTAL AGREEMENT WITH THE STATE OF ARIZONA RELATING TO THE ACCELERATION OF THE ROADWAY DESIGN, RIGHT OF WAY ACQUISITION AND ROADWAY CONSTRUCTION OF STATE ROUTE 202L, RED MOUNTAIN FREEWAY BETWEEN COUNTRY CLUB DRIVE AND GILBERT ROAD, THE ACCELERATION OF THE GENERAL PLAN OF STATE ROUTE 202L, RED MOUNTAIN FREEWAY BETWEEN GILBERT ROAD AND HIGLEY ROAD, THE OBTAINING OF A UTILITY EASEMENT BETWEEN MCKELLIPS ROAD AND GILBERT ROAD, AND THE ADVANCING OF FUNDS BY THE CITY TO THE STATE TO ACCOMPLISH SUCH PURPOSES; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND DECLARING AN EMERGENCY.

WHEREAS, the City of Mesa, Arizona (the "City") has determined that it will be beneficial to its citizens to cause the completion of State Route 202L, Red Mountain Freeway, between Country Club Drive and Higley Road (the "Project") to be accelerated;

WHEREAS, the City, in order to provide for the financing of the acceleration of the Project, the City has previously entered into an Intergovernmental Agreement (the "IGA") with the State of Arizona (the "State") to provide for assistance in the financing of the Project;

WHEREAS, because of changes in circumstances it is necessary to amend and restate the IGA;

WHEREAS, such amended and restated IGA shall be referred to herein as the "Amended and Restated IGA"; and

WHEREAS, there has been placed on file with the Clerk of the City and presented to this meeting the proposed form of an Amended and Restated IGA.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, THAT:

1. The form, terms and provisions of the Amended and Restated IGA in the form of such document presented at this meeting are hereby approved, with such insertions, omissions and changes as shall be approved by the City Manager of the City, the execution of the Amended and Restated IGA being conclusive evidence of such approval, and the City Manager and Clerk of the City are hereby authorized and directed, for and on behalf of the City, to sign and attest the Amended and Restated IGA.

2. If any section, paragraph, clause or provision of this Resolution shall for any reason is held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

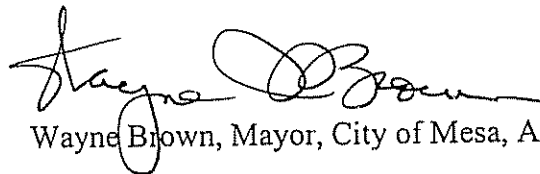
3. All orders and resolutions or parts thereof, inconsistent herewith, are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as reviving any order or resolution or any part thereof.

4. The City Manager and all other City officials are hereby authorized and directed to execute any and all further agreements, documents and certificates and to take any and all actions that may be necessary or desirable in consummating the transactions contemplated in this Resolution and the Amended and Restated IGA and pertaining to the financing of the Project. The execution and delivery of such documents shall constitute conclusive evidence of this Council's approval of such documents.

5. Whereas, the immediate operation of this Resolution is necessary for the preservation of the public health and welfare and an emergency is hereby declared to exist, and this Resolution shall be in full force and effect from and after its passage and approval by the Mayor and Council, and it is hereby exempt from referendum.

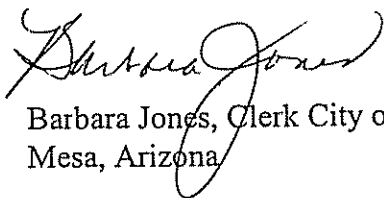
PASSED AND ADOPTED this 15th day of March, 1999:

APPROVED:



Wayne Brown, Mayor, City of Mesa, Arizona

ATTEST:



Barbara Jones, Clerk City of
Mesa, Arizona



Exhibit C - Schedule for Construction
Construction- Country Club to Gilbert
Arizona Department of Transportation
Analysis of Mesa's Project Advancement

Start Date	Proposed 21 Month Curve	Programmed 21 Month Curve	Cumulative 21 Month Curve	Cumulative 21 Month Curve	Estimated Total Loan	(21 month Advance) 5.3350% 3.7345% SIB Interest	less 1.82% Discount Factor	Mesa Interest
Apr-00	798,495		798,495		798,495	2,485	1,211	1,274
May-00	1,596,990		2,395,484		2,395,484	7,455	3,633	3,822
Jun-00	2,395,484		4,790,969		4,790,969	14,910	7,266	7,644
Jul-00	2,395,484		7,186,453		7,186,453	22,365	10,899	11,465
Aug-00	4,790,969		11,977,422		11,977,422	37,275	18,166	19,109
Sep-00	5,589,464		17,566,886		17,566,886	54,670	26,643	28,027
Oct-00	6,433,114		24,000,000		24,000,000	74,690	36,400	38,290
Nov-00			24,000,000		24,000,000	74,690	36,400	38,290
Dec-00			24,000,000		24,000,000	74,690	36,400	38,290
Jan-01			24,000,000		24,000,000	74,690	36,400	38,290
Feb-01			24,000,000		24,000,000	74,690	36,400	38,290
Mar-01			24,000,000		24,000,000	74,690	36,400	38,290
Apr-01			24,000,000		24,000,000	74,690	36,400	38,290
May-01			24,000,000		24,000,000	74,690	36,400	38,290
Jun-01			24,000,000		24,000,000	74,690	36,400	38,290
Jul-01			24,000,000		24,000,000	74,690	36,400	38,290
Aug-01			24,000,000		24,000,000	74,690	36,400	38,290
Sep-01			24,000,000		24,000,000	74,690	36,400	38,290
Oct-01			24,000,000		24,000,000	74,690	36,400	38,290
Nov-01			24,000,000		24,000,000	74,690	36,400	38,290
Dec-01			24,000,000		24,000,000	74,690	36,400	38,290
Jan-02		798,495	24,000,000	798,495	23,201,505	72,205	35,189	37,016
Feb-02		1,596,990	24,000,000	2,395,484	21,604,516	67,235	32,767	34,468
Mar-02		2,395,484	24,000,000	4,790,969	19,209,031	59,780	29,134	30,646
Apr-02		2,395,484	24,000,000	7,186,453	16,813,547	52,325	25,501	26,825
May-02		4,790,969	24,000,000	11,977,422	12,022,578	37,415	18,234	19,181
Jun-02		5,589,464	24,000,000	17,566,886	6,433,114	20,020	9,757	10,263
Jul-02		6,433,114	24,000,000	24,000,000	0	0	0	0
24,000,000		24,000,000				1,568,490	764,400	804,090

Exhibit D - Schedule for Design Loan
Design - Country Club Dr. to Gilbert Rd.
Arizona Department of Transportation
Analysis of Mesa's Project Advancement

Start Date	Proposed 12 Month Payout	Programmed 12 Month Payout	Cumulative 12 Month Payout	Cumulative 12 Month Payout	Estimated Total Loan	5.5000% Assumed Rate	<div>(=3.63%/2)</div> <div>less</div> <div>1.82%</div> <div>Discount</div> <div>Factor</div>		State Interest
Mar-99	300,000		300,000		300,000	1,375	0		1,375
Apr-99	300,000		600,000		600,000	2,750	0		2,750
May-99	300,000		900,000		900,000	4,125	0		4,125
Jun-99	300,000		1,200,000		1,200,000	5,500	0		5,500
Jul-99	300,000		1,500,000		1,500,000	6,875	6,825		50
Aug-99	300,000		1,800,000		1,800,000	8,250	2,730		5,520
Sep-99	300,000		2,100,000		2,100,000	9,625	3,185		6,440
Oct-99	300,000		2,400,000		2,400,000	11,000	3,640		7,360
Nov-99	300,000		2,700,000		2,700,000	12,375	4,095		8,280
Dec-99	300,000		3,000,000		3,000,000	13,750	4,550		9,200
Jan-00	300,000		3,300,000		3,300,000	15,125	5,005		10,120
Feb-00	300,000		3,600,000		3,600,000	16,500	5,460		11,040
Mar-00			3,600,000		3,600,000	16,500	5,460		11,040
Apr-00			3,600,000		3,600,000	16,500	5,460		11,040
May-00		300,000	3,600,000	300,000	3,300,000	15,125	5,005		10,120
Jun-00		300,000	3,600,000	600,000	3,000,000	13,750	4,550		9,200
Jul-00		300,000	3,600,000	900,000	2,700,000	12,375	4,095		8,280
Aug-00		300,000	3,600,000	1,200,000	2,400,000	11,000	3,640		7,360
Sep-00		300,000	3,600,000	1,500,000	2,100,000	9,625	3,185		6,440
Oct-00		300,000	3,600,000	1,800,000	1,800,000	8,250	2,730		5,520
Nov-00		300,000	3,600,000	2,100,000	1,500,000	6,875	2,275		4,600
Dec-00		300,000	3,600,000	2,400,000	1,200,000	5,500	1,820		3,680
Jan-01		300,000	3,600,000	2,700,000	900,000	4,125	1,365		2,760
Feb-01		300,000	3,600,000	3,000,000	600,000	2,750	910		1,840
Mar-01		300,000	3,600,000	3,300,000	300,000	1,375	455		920
Apr-01		300,000	3,600,000	3,600,000					
	3,600,000	3,600,000				231,000	76,440		154,560

Exhibit E - Schedule for Right of Way Acquisition Loan
Right of Way - Country Club Dr. to Gilbert Rd.
 Arizona Department of Transportation
 Analysis of Mesa's Project Advancement

Start Date	Proposed 12 Month Curve	Programmed 12 Month Curve	Cumulative 12 Month Curve	Cumulative 12 Month Curve	Estimated Total Loan	5.5000% Assumed Rate	less 4.09% Discount Factor	State Interest
Apr-99	2,000,000		2,000,000		2,000,000	9,167	0	9,167
May-99	2,000,000		4,000,000		4,000,000	18,333	0	18,333
Jun-99	1,000,000		5,000,000		5,000,000	22,917	0	22,917
Jul-99		2,000,000	5,000,000	2,000,000	3,000,000	13,750	47,717	-33,967
Aug-99		2,000,000	5,000,000	4,000,000	1,000,000	4,583	3,408	1,175
Sep-99		1,000,000	5,000,000	5,000,000	0	0	0	0
	5,000,000	5,000,000				68,750	51,125	17,625

Exhibit F - Schedule for Construction
Construction- Country Club to Gilbert
Arizona Department of Transportation
Analysis of Mesa's Project Advancement

Start Date	Proposed 21 Month Curve	Programmed 21 Month Curve	Cumulative 21 Month Curve	Cumulative 21 Month Curve	Estimated Total Loan	4.7500% Interest	less 1.82% Discount Factor	State Interest
Oct-00			0		0	0	0	0
Nov-00	6,342,802		6,342,802		6,342,802	25,107	9,620	15,487
Dec-00	6,387,958		12,730,761		12,730,761	50,393	19,308	31,084
Jan-01	6,387,958		19,118,719		19,118,719	75,678	28,997	46,682
Feb-01	6,387,958		25,506,678		25,506,678	100,964	38,685	62,279
Mar-01	5,589,464		31,096,141		31,096,141	123,089	47,162	75,926
Apr-01	4,790,969		35,887,110		35,887,110	142,053	54,429	87,624
May-01	3,992,474		39,879,584		39,879,584	157,857	60,484	97,373
Jun-01	3,992,474		43,872,058		43,872,058	173,660	66,539	107,121
Jul-01	3,193,979		47,066,037		47,066,037	186,303	71,383	114,920
Aug-01	2,395,484		49,461,522		49,461,522	195,785	75,017	120,769
Sep-01	2,395,484		51,857,006		51,857,006	205,267	78,650	126,618
Oct-01	2,395,484		54,252,490		54,252,490	214,749	82,283	132,466
Nov-01	798,495		55,050,985		55,050,985	217,910	83,494	134,416
Dec-01	798,495		55,849,480		55,849,480	221,071	84,705	136,366
Jan-02			55,849,480		55,849,480	221,071	84,705	136,366
Feb-02			55,849,480		55,849,480	221,071	84,705	136,366
Mar-02			55,849,480		55,849,480	221,071	84,705	136,366
Apr-02			55,849,480		55,849,480	221,071	84,705	136,366
May-02			55,849,480		55,849,480	221,071	84,705	136,366
Jun-02			55,849,480		55,849,480	221,071	84,705	136,366
Jul-02			55,849,480		55,849,480	221,071	84,705	136,366
Aug-02		6,342,802	55,849,480	6,342,802	49,506,678	195,964	75,085	120,879
Sep-02		6,387,958	55,849,480	12,730,761	43,118,719	170,678	65,397	105,282
Oct-02		6,387,958	55,849,480	19,118,719	36,730,761	145,393	55,708	89,684
Nov-02		6,387,958	55,849,480	25,506,678	30,342,802	120,107	46,020	74,087
Dec-02		5,589,464	55,849,480	31,096,141	24,753,339	97,982	37,543	60,439
Jan-03		4,790,969	55,849,480	35,887,110	19,962,370	79,018	30,276	48,741
Feb-03		3,992,474	55,849,480	39,879,584	15,969,896	63,214	24,221	38,993
Mar-03		3,992,474	55,849,480	43,872,058	11,977,422	47,411	18,166	29,245
Apr-03		3,193,979	55,849,480	47,066,037	8,783,443	34,768	13,322	21,446
May-03		2,395,484	55,849,480	49,461,522	6,387,958	25,286	9,688	15,597
Jun-03		2,395,484	55,849,480	51,857,006	3,992,474	15,804	6,055	9,748
Jul-03		2,395,484	55,849,480	54,252,490	1,596,990	6,321	2,422	3,899
Aug-03		798,495	55,849,480	55,050,985	798,495	3,161	1,211	1,950
Sep-03		798,495	55,849,480	55,849,480				
	55,849,480	55,849,480				4,642,488	1,778,806	2,863,682

Exhibit G - Schedule for Design Loan
Design - General Plan Gilbert Rd. to Higley Road
Arizona Department of Transportation
Analysis of Mesa's Project Advancement

Start Date	Proposed 12 Month Payout	Programmed 18 Month Payout	Cumulative 16 Month Payout	Cumulative 16 Month Payout	Estimated Total Loan	5.5000% Assumed Rate	(=3 63%/2) less 1.82%	State Interest
							Discount Factor	
Mar-99							0	0
Apr-99	141,667		141,667		141,667	649	0	649
May-99	141,667		283,333		283,333	1,299	0	1,299
Jun-99	141,667		425,000		425,000	1,948	0	1,948
Jul-99	141,667	141,667	566,667	141,667	425,000	1,948	1,931	17
Aug-99	141,667	141,667	708,333	283,333	425,000	1,948	645	1,303
Sep-99	141,667	141,667	850,000	425,000	425,000	1,948	645	1,303
Oct-99	141,667	141,667	991,667	566,667	425,000	1,948	645	1,303
Nov-99	141,667	141,667	1,133,333	708,333	425,000	1,948	645	1,303
Dec-99	141,667	141,667	1,275,000	850,000	425,000	1,948	645	1,303
Jan-00	141,667	141,667	1,416,667	991,667	425,000	1,948	645	1,303
Feb-00	141,667	141,667	1,558,333	1,133,333	425,000	1,948	645	1,303
Mar-00	141,667	141,667	1,700,000	1,275,000	425,000	1,948	645	1,303
Apr-00		141,667	1,700,000	1,416,667	283,333	1,299	430	869
May-00		141,667	1,700,000	1,558,333	141,667	649	215	434
Jun-00		141,667	1,700,000	1,700,000	0	0	0	0
	1,700,000	1,700,000				23,375	7,732	15,643

Snell & Wilmer
LLP
LAW OFFICES

One Arizona Center
Phoenix, Arizona 85004-0001
(602) 382-6000
Fax: (602) 382-6070

PHOENIX, ARIZONA

TUCSON, ARIZONA

IRVINE, CALIFORNIA

SALT LAKE CITY, UTAH

Fred Williams (602) 382-6258
Internet: fwilliams@swlaw.com

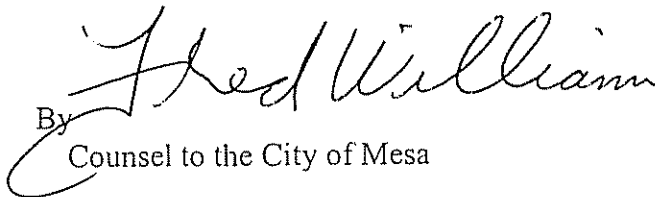
April 7, 1999

MAYOR AND COUNCIL
CITY OF MESA, ARIZONA

RE: City of Mesa
Arizona Department of Transportation
Amended and Restated Intergovernmental Agreement

We have examined the Amended and Restated Intergovernmental Agreement No. KR97-2564TRN (the "Agreement") between the City of Mesa, Arizona (the "City") and the State of Arizona, acting by and through its Department of Transportation (the "State"). Based upon our review of the Agreement pursuant to A.R.S. Section 11-952, we have determined that the Agreement is in proper form and is within the powers and authority granted to the City. No opinion is expressed as to the authority of the State to enter into the Agreement.

SNELL & WILMER LLP

By 
Counsel to the City of Mesa

LFW:adj

WILLIAM PHX 630922 01



STATE OF ARIZONA

OFFICE OF THE ATTORNEY GENERAL

1275 WEST WASHINGTON, PHOENIX 85007-2997

GRANT WOODS
ATTORNEY GENERAL

TRN Main: (602) 542-1680

Direct: (602) 542-8837

Fax: (602) 542-3646

MAIN PHONE : 542-5025

TELECOPIER : 542-4085

INTERGOVERNMENTAL AGREEMENT
DETERMINATION

A.G. Contract No. KR97-2564TRN, an agreement between public agencies, has been reviewed pursuant to A.R.S. § 11-952, as amended, by the undersigned Assistant Attorney General who has determined that it is in the proper form and is within the powers and authority granted to the State of Arizona.

No opinion is expressed as to the authority of the remaining parties, other than the State or its agencies, to enter into said agreement.

DATED April 12, 1999.

JANET NAPOLITANO

Attorney General

A handwritten signature in black ink, appearing to read "James R. Redpath", is written over a horizontal line.

JAMES R. REDPATH

Assistant Attorney General

Transportation Section

JRR:et/

Enc.